RICHARDSON
SALES PERFORMANCE

THE PSYCHOLOGY OF SELLING:
Understanding How the Customer Thinks

A RICHARDSON SALES PERFORMANCE EBOOK

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Engaging the Customer's Need for Autonomy

01

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Decision-makers, like all people, want autonomy. In fact, this need is often a precursor to the leadership position many stakeholders inhabit.

A study published in **The Society for Personality and Social Psychology** found "that people desire power not to be a master over others, but to be master of their own domain, to control their own fate." Fostering the customer's autonomy is a key component of the consultative approach to selling.

Encouraging the customer's autonomy, however, may seem counterintuitive. Some sales professionals fear they'll remove themselves from the selling process. They mistake autonomy for independence. However, the two are not the same. Autonomy represents a willingness to "engage in a behavior, whereas to be independent means to act without reference to or support from others," explains the **Handbook of Self-Determination Research**. A sales professional can promote the customer's autonomy while also moving the sale to a close.

Here, are three ways sales professionals can engage this trait with customers and win the sale.

DEVELOPING A CUSTOMER-CENTRIC APPROACH

Autonomy is about having a choice. When a sales professional uses leading questions, the customer doesn't believe they have a choice. In contrast, sincere questions help determine the path forward. Questions connect the solution's capabilities to business goals. Doing so provides options which are important because **studies** show that those who have choices are more intrinsically motivated. That is, they are motivated by an internal drive. In contrast, extrinsic motivation – when a person tries to make another want to do something – is far less effective.

Unfortunately, it's easy to mistake a seller-centric mindset for a customer-focused mindset. The confusion is understandable. Customers today have little time. The sales professional may feel compelled to tell them what to do rather than explore the problem. However, asking questions to form an accurate diagnosis builds credibility. Dialogue makes the customer part of the conversation. It offers them the opportunity to take the discussion down different avenues.

UPROOTING "ANCHORS"

Most of us rely on too little information when assessing a situation. For example, we may assume that all business challenges are the same when in fact they differ. This habitual return to the same idea stems from the "anchoring bias." This bias doesn't help sales professionals because it's evident in their actions and words in front of the customer. As a result, the customer feels less involved. They feel less autonomous. To overcome this problem sales professionals must learn to recognize this bias and uncover facts with active listening. They must pursue the customer's thinking rather than attempting to control it.

Overcoming the anchoring bias engages the customer's autonomy, and helps pave the way for a compelling value proposition. By understanding the customer's needs, the sales professional is better equipped to position a solution in a way that connects capabilities to needs. Overcoming the anchoring bias isn't easy, it often requires asking tough questions. However, this strategy gets to the core issues that matter.

FOSTERING OPENNESS

Sales dialogues should be balanced. If a sales professional finds themselves doing all, or most of the talking then something has gone wrong. Moving a sale forward requires a conversation on both sides of the table. However, a customer might not feel inclined to open up and share valuable information. To encourage openness, sales professionals must give to get. They must offer insights that demonstrate an understanding of the business or industry. This approach shows preparedness and conscientiousness.

With an open dialogue, customers become willing to volunteer information. At this point, the sales professional becomes more like a trusted advisor than a solution provider. For this to occur the sales professional must allow space for the customer's thoughts. The dialogue should be as productive to them as it is to the sales professional.

Autonomy is an inherent human characteristic. Sales professionals who acknowledge this fact are immediately positioned to stand out from the competition. The key is to maintain a customer-centric mindset, remain cognizant of the anchoring bias, and foster an environment of openness that reaches deeper truths about the customer's world.

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Neuroimaging, Trust and Pricing

02

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Dr. Angelika Dimoka, who holds a PhD in Biomedical Engineering, wanted to know more about how the brain functions under trust and distrust. So, she designed a **study** and found a few willing participants to subject themselves to a brain scan. Their compensation: $35.

With an MRI she discovered that “the brain areas associated with trust and distrust adequately predict price premiums.” This has important implications for sales professionals because in an increasingly competitive marketplace it’s become difficult to protect the full value of the sale.

Customers, with greater access to information and buying options, are demanding lower prices. Meanwhile, as differentiation diminishes, sales professionals have few places to go. Too often they reduce the scope of the sale to meet pricing demands or they relinquish valuable terms.

Fortunately, Dr. Dimoka’s work offers some interesting ways for sales professionals to overcome this challenge.

What the Data Revealed

After exhaustively reviewing the scans she learned that “the neural correlates of distrust are stronger predictors of price premiums than those of trust.” What does this mean? It tells us that building trust matters, but avoiding distrust matters more.

Why is this?

The answer may be hidden in the fact that additional research shows that “distrust usually involves a strong emotional component while trust does not.” These strong emotions invigorate the customer to hold firm on their demands for a lower cost. In more extreme cases, it encourages them to walk away entirely.

However, distrust is much more than the absence of trust. For sales professionals, avoiding the characteristic of distrust is just as important as fostering trust. Moreover, “low distrust is not the
same as high trust,” because the two are such independent constructs.

The question remains: given the clarity of these findings, how can sales professionals avoid distrust to preserve the financial value of the sale? Here are a few ways to earn trust:

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FOSTER A RELATIONSHIP OF OPENNESS

In a piece published in **The Journal of Consumer Research**, Harvard Professor Leslie K. John and others found that using less formality in asking for sensitive information yielded better results. Sales professionals, therefore, should foster a relationship and openness rather than resort to formality that distances one another.

This idea does not mean taking a casual approach to the sale. Sales professionals still need to execute plenty of preparation and follow through. The takeaway from this research is that there is value in developing a relationship with a customer to a point where the conversation flows. Reaching this point requires the sales professional to gain more self-awareness. That is, they must observe their presence and understand not only how they appear to themselves, but how they appear to the customer.

CLIMB TO THE STATUS OF AN ADVISOR

Less than half of customers believe sellers adequately address their problems according to **Gallup**. Why? Too often the sale is a transaction and nothing more. Once completed the relationship ends. Meanwhile, the original nature of the challenge changes, and therefore the solution must change.

This trend underscores the need for longer-term solutions which can only come from sales professionals that ascend to the status of a trusted advisor. Customers develop trust when they see that the sales professional will remain a resource through implementation and beyond. Doing so means taking the time to understand impending industry challenges while keeping communication open with the customer. When the sales professional becomes a trusted advisor, the customer seeks their opinion and offers access to more senior-level decision makers. Value doesn't just reside in the product; it resides in the relationship.

DEMONSTRATE CONSCIENTIOUSNESS

Conscientiousness becomes a competitive advantage when it's applied to interactions with the customer. In these instances, the sales professional takes the time to understand customer needs. They do this by asking questions and truly listening to their answers. As a result, the relationship becomes less transactional and more collaborative. Taking this approach offers an advantage because so many other businesses have built their model around volume rather than value. Conscientious sales professionals uncover the customer's conception of the problem. Buyers today are bombarded with opinions and options. There can be a multitude of ways to solve an issue and navigating the best path is challenging. As a result, customers may misunderstand the nature of their need. They misdiagnose the problem.

The strongest sellers take the time to determine if the customer has fallen into this trap. The intention is not to agree on all points; it is to understand all points. Sales professionals can overcome this inertia by eliciting feedback. Without this kind of exchange, it's difficult to gauge how well the solution will fit the need. Purchasing decisions are inherently emotional. The customer has professional and financial stakes in play. A thorough sales professional understands these stakes and how they connect to the customer's world. Therefore, they foster openness to keep the customer talking.

As Dr. Dimoka's work shows, distrust is a powerful, emotional response that has an even bigger influence over price than trust. Therefore, sales professionals need to be cognizant of how to avoid missteps that may surface distrust. Doing so means encouraging openness in the relationship, earning the status of a trusted advisor, and taking a conscientious approach to every step in the selling process.

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Overcoming the Status Quo

03

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Eventually, everyone gets stuck in a rut. This problem is common to individuals and businesses. This rut often carries the name "active inertia."

Businesses fall into this trap when they apply an old playbook to new problems. Academic and researcher Donald Sull **explains** that companies fail by "responding to even the most disruptive market shifts by accelerating activities that succeeded in the past."

This approach is like play checkers when the rest of the world has moved on to chess.

Businesses succumbing to this trap don't lack a resolve. In fact, they often allocate immense resources to solving challenges. The problem is that "Initial success reinforces management's belief that they should fortify their success formula," **remarks** Sull. This is why overcoming the status quo is the most significant challenge for sales professionals today.

The idea of active inertia explains why the status quo is so immovable, but it doesn't clarify how to overcome it. **Research** from the American Psychological Association offers answers.

Here, we examine some key takeaways from those findings so sales professionals can lift customers out of active inertia and close.

BUILD TRUST

Active inertia is about more than resorting to an outdated playbook. It's also about perceptions of risk. Even if a stakeholder has accepted that old ways might not work, they might be hesitant to try anything different for fear that a new solution carries too much risk. This scenario is challenging for sales professionals seeking to win the sale. Why? People base their judgments "not only on what they think about it [the solution] but also how they feel about it," explain researchers. "If their feelings toward an activity are favorable, they are moved toward judging the risks as low and the benefits as high."

This finding sounds intuitive. However, it is a much-needed reminder that perceptions of risk are not anchored only to probabilities or ROI measurements. Perceptions of risk have a lot to do with feelings.

Sales professionals can put this finding to use by taking the time to put customers at ease. Doing so means asking the questions that reveal challenges and underlying causes. These questions should be more than an exercise in building a dialogue; they should be crafted to get to the core of the customer's challenges. Smart questions do more to demonstrate credibility and trustworthiness than listing solution capabilities.

INSTILL A SENSE OF URGENCY

The same research found that "the inverse relation between perceived risks and benefits increased greatly under time pressure." This finding means that positive feelings are even more effective in driving down perceived risks when the clock is ticking. This finding, however, doesn't mean sales professionals should force decisions. Instead, they should take this finding as a cue to understand the risks associated with taking no action.

Too often the status quo is considered low risk because nothing is happening. However, no choice is a choice of its own. Therefore, sales professionals need to be proactive. They must determine the customer's underlying driver. Leveraging the customer's motivation is more powerful than trying to create your own.

The goal should be to maintain the customer's initial intensity throughout the sales. Take this approach by citing how each part of your solution fits precisely with your customer's needs. Otherwise, you are asking your customer to connect the dots.

BALANCE INFORMATION WITH INSIGHTS

Information and insights are not the same. Information consists of data and facts. Insights go further by connecting information to form an idea or strategy. Customers can source information without the help of a sales professional. Value comes from the sales professional who rises to the status of a trusted advisor. Doing so means delivering insights.

The researchers underscore this idea. They explain that too much data creates a burdensome cognitive load. "Analytic thinking requires more effort and puts greater demand on attention and memory." The result is "greater reliance on affect." As facts and figures pile up the influence of the customer's feelings on the decision will increase. This outcome is a problem because it reduces the sales professional's control over the sale.

The takeaway here is that data, and feelings are driving forces in their decision-making process. Therefore, it's important to anticipate, and read the customer's emotions. It's also important to remember that the customer is reading the sales professional's emotions. The dialogue will end fast if the customer senses that the sales professional is controlling, or aggressive. For sales professionals, self-awareness is critical.

Active inertia is a powerful force; it is the boulder that is immovable against the coming tide. Sales professionals, therefore, must be resolute in their approach. They must put the customer at ease with good questioning skills. They must underline the risk of inertia. Finally, they must balance information with concise, relevant insights that account for the customer's emotional responses.

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Putting All Your Cards on the Table

04

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Research shows that cynicism among buyers runs high. In fact, it runs so high that most buyers walk away from transactions that would benefit them. As one set of researchers concluded, "buyers' disbelief was costly."

A **study**, published in Judgment and Decision Making, examined how buyers behave in two different scenarios. In the first setting, the buyer engaged with an in-person seller. In the other scenario, the buyer interacted with a computer.

When communicating with a computer, the buyers made the "value-maximizing decision" 79 percent of the time. That is, most buyers did what was in their best financial interest. However, buyers displayed different behavior when working with a person.

The presence of a seller made buyers suspicious of seller-centric behaviors. In this setting, buyers only made the value-maximizing decision 45 percent of the time. That outcome means more than half of the buyers walked away from a deal that favored them.

The computer was better at closing the sale than the person.

THE HIDDEN CARD GAME

Researchers designed the study by using a simple card game. There was a deck of cards marked consecutively from 1 to 100. The seller pulled two random cards from the deck. The buyer was permitted to see the card with the lower value of the two. Additionally, the buyer knew that they were seeing the lowest value card of the pair. The buyer had the option to spend 100 "experimental dollars" to buy the two cards.

The value of the two cards was the sum of their two numbers.

The academics focused on the scenarios in which the expected value of the pair would be higher than the 100 experimental dollars spent to acquire them. In these instances, the buyer would be better off buying the cards.

However, with a human seller present, most buyers walked away. They left money on the table.

Moreover, the buyers were less likely to buy from a person than a computer, even "when information about the card is revealed that suggests the card is valuable."

THE PERSUASION CONTEXT

The researchers wanted to learn more. They wanted to know why buyers behaved as they did. The researchers had a hunch that "a persuasion context seems to draw more attention to the persuader's motives and makes buyers act more conservatively." The buyers knew that they were being sold to, and that made them hesitant.

What is so surprising is that the buyers didn't just dismiss the sellers' communication as "cheap talk," as the researchers call it. If the buyers had ignored the sellers' talk, they likely would have purchased the cards more often than they did. Instead, buyers were cynical. They believed that the seller was making statements designed to benefit themselves. Some buyers remarked, "I think you're lying." The sellers, it seems, unintentionally pushed the buyers away.

The buyers tried to assess the sellers' trustworthiness or untrustworthiness. However, they were unable to do so effectively because the mere presence of the seller made the buyers cynical.

In contrast, the scenario in which buyers engaged with a computer involved no communication. Therefore, the buyers were less likely to believe that the transaction only favored the seller.

The researchers still weren't satisfied. They wanted to reveal the specific factors that made buyers cynical of sellers. So, they devised a second experiment.

MEASURING THE REAL VALUE OF TALK

In the second experiment, researchers once again set up two scenarios. In the first, a seller and a buyer played the card game described earlier. In the second, new scenario, a buyer and seller played the game in silence. This was the "no-talk" version of the game.

In the talk situation, 55 percent of the buyers who were presented with a value-maximizing deal purchased the cards. In the no-talk situation, 75 percent of the buyers presented with a value-maximizing deal bought the cards.

"Interestingly, the sellers were not aware of this detrimental effect of communication on buying," explain researchers. Most of the sellers (77 percent) in the "no-talk" scenario believed that they could sell more frequently if permitted to talk.

This second experiment shows that the problem is not due to whether the seller is a computer or human. After all, the "no-talk" buyer-seller scenario resulted in the same rate of selling as the buyer-computer scenario. The problem is the communication. So, what are sellers to do? The researchers have a few suggestions.

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OVERCOMING THE BUYER'S CYNICISM

Cynicism kills deals. It encourages buyers to retreat from a transaction that is to their benefit and has more value than what it costs. Though silence reduces this problem, the seller cannot make silence a strategy. Here's what the researchers think sellers should do:

01. Reduce Informational Advantage

The researchers suspect that communication prevented selling when it reminded the buyer that the seller possessed more information. The authors call this "informational advantage." They cite studies showing that communication worked when both parties held the same information. Sellers should share information and make themselves an open book.

02. Focus on Relevant Information

Sharing information is not enough. The information must be relevant. The content of the communication is key to success. Studies illustrate that communication builds trust and cooperation when it's relevant to the problem.

03. Acknowledge the Limitations of Perspective

Most sellers made the reasonable decision to take the buyers' perspective. While admirable, this decision may have limited their ability to sell. The reason: "sellers who tried to take the buyers' perspective misjudged them to be more positive towards persuasion attempts than they were." When considering the buyers' perspective, sellers should remember that their insight is limited.

All three of these suggestions are summarized in one takeaway: put all of your cards on the table.

Sellers are more likely to succeed when they reveal all of their information and intentions. Withholding only destabilizes the sale. Buyers often start from a default position of cynicism. Sellers must erode this impasse and earn the buyers trust. Sellers who assume that they have the buyers' trust will face failure.

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The Five Factors That Influence Decisions

05

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Negative messaging has long been a tool for those attempting to motivate others. Advertisers warn of gingivitis or vial germs on your countertops. However, research offers an interesting contrast to the short-cut approach of stoking fears.

Findings from the **NeuroLeadership Institute** found that participants engaging a challenge with a reward-based goal were better equipped to solve problems than those engaging a fear-based goal. How did researchers test this idea? It used a maze. The first group received a maze with a picture of a mouse in the center and a piece of cheese on the outside. The other group received a maze with the mouse at the center and a predator, in this case an owl, on the outside. After completing the maze, each group received a creativity test. The "cheese" group "solved significantly more creative problems than those heading to the owl." Researchers call this dichotomy the "approach-avoid response."

When a person encounters a stimulus, they will label it as "good," or "bad." Good stimuli are approached, bad ones are avoided. These two responses have a significant impact on perception and problem solving, the two major processes at work when a customer makes a buying decision.

How can sales professionals put this concept to work? Researchers suggest the SCARF model. The five elements are status, certainty, autonomy, relatedness, and fairness.

STATUS

Status is about how one perceives their ranking among all others. The problem: "The perception of a potential or real reduction in status can generate a strong threat response" according to the research. Sales professionals can avoid the trap of inciting this threat response in a customer by refraining from "telling" the customer what to do.

Telling only communicates the message that the sales professional sees the customer as ineffectual at solving the business challenge at hand. The customer's resolve to engage a proposed solution will strengthen when they discover its value for themselves. Sales professionals can advance this process by asking questions that illuminate the details of the problem.

CERTAINTY

Competitive advantages are disappearing. "Competitors and customers have become too unpredictable, and industries too amorphous," explains Columbia Business School Professor Rita Gunther McGrath. She continues, "The forces at work here are familiar: the digital revolution, a 'flat' world, fewer barriers to entry, globalization." The result: customers are looking for more certainty in a solution than ever before. They need assurances of effectiveness. They have ROI requirements.

"Without prediction, the brain must use dramatically more resources, involving the more energy-intensive prefrontal cortex, to process moment-to-moment experience," explain the researchers. Sales professionals can prevent this exhaustion on the part of the customer by illustrating how the solution has worked for others. Moreover, they should demonstrate their value as a trusted advisor who will be present after implementation to ensure all outcomes are successful.

RELATEDNESS

Consciously or not, we often compartmentalize people into one of two categories, a friend or foe. This labeling is sometimes called "relatedness." Researchers remind us that "The concept of relatedness is closely linked to trust." They explain that the more "people trust one another, the stronger the collaboration and the more information that is shared."

Information sharing is crucial for the sales professional seeking to win the deal. Knowing the details and nuances of the customer's challenges gives the sales professional firm footing to properly position the solution. Sales professionals can encourage a sense of relatedness by establishing trust. The customer needs to see that the sales professional is committed to their success, not just closing a sale.

AUTONOMY

People need to feel in control. Everyone wants a sense of agency; we want to know that we influence our future. We want autonomy. Sales professionals need to keep this idea in mind when working with a customer. The research suggests that "The statement 'Here's two options that could work, which would you prefer?' will tend to elicit a better response than 'Here's what you have to do now.'" The first question puts more control in the hands of the customer. As their sense of agency increases so does their commitment to a solution that offers opportunities to capture more revenue.

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FAIRNESS

While everyone prefers fairness, often we forget to proactively foster an environment of fairness. We see injustices every day. Therefore, many of us are wary of even the slightest hint of unfairness. Therefore, sales professionals must not only combat unfairness, but they must also combat perceptions of unfairness. The research suggests, “The threat from perceived unfairness can be decreased by increasing transparency, and increasing the level of communication and involvement about business issues.” Moreover, sales professionals should right-size all customer expectations by being upfront about what outcomes a solution can offer. Keep the dialogue open, keep it clear.

Despite the complexity of a given solution, customers often react, consciously or not, with an approach-avoid response. The informed sales professional can use an understanding of this dichotomy and the SCARF model to help guide that response to a mutually beneficial outcome.

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What Choice Architecture Means for Sales Professionals

06

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In a 1909 meeting, Henry Ford famously remarked that customers could purchase the popular Model T in "any color so long as it's black." This enduring quote perfectly illustrates what it means to be a "choice architect."

Sales professionals in the early 1900s were thrilled with the rising demand for the Model T. Wanting to sell more, many dealerships requested Ford increase the line to include more colors, but Ford protested. "It is strange how, just as soon as an article becomes successful, somebody starts to think that it would be more successful if only it were different," he remarked. He kept the customer's options limited and offered only black. The result: Ford sold 15 million Model T cars, the largest production run of any vehicle at the time.

A choice isn't always a luxury; sometimes it's a burden. Much of the Model T's success stems from how easy it made the decision process.

"The way a choice is presented influences what a decision-maker chooses" according to research in the **Journal of Marketing Research**. Those who understand this idea and use it in selling interactions are choice architects. Here, we look at a few tenets of choice architecture and how sales professionals can use them to their advantage.

BALANCING OPTIONS AND COGNITIVE BURDENS

We've moved on from the early days of the Model T. Competitors are everywhere, and customers need options. For the sales professional, this customer expectation involves two considerations. First, the sales professional with a greater number of options has a better chance of matching the customers' needs. Second, however, with more choices comes greater a cognitive burden for the buyer.

What is the optimal number of choices? At what point has the sales professional offered a reasonable number of options without demanding prohibitive decision fatigue? Researchers suggest that when asking this question, sales professionals should consider three things:

01 "The willingness of the decision-maker to engage in the choice process"

02 "The decision-maker's satisfaction with the decision process"

03 "The nature of the process that will be used to make the decision"

Given the common problem of overcoming the status quo, many sales professionals will find it's best to cull the decisions to a manageable few. Each choice presented to the customer is another hurdle in a race they're all too anxious to shorten. In considering the above questions, it's important to remember that most customers today are too rushed to engage a lengthy decision process. Why? Because buying decisions often involve numerous stakeholders and diverse needs. Therefore, it's best for the sales professional to focus on as few choices as possible while still meeting the customer's needs. The researchers suggest just three or four choices.

BALANCING SHORT AND LONG-TERM CHOICES

Choices have implications for the present and the future. However, "individuals tend to be myopic and prefer to receive positive outcomes early," explain the researchers. This favoritism for short-term results is understandable; many customers don't know what the future holds. Making a decision with regard for the future requires more assumptions which carry uncertainty. Moreover, further research shows that when making these **assumptions**, most of us anticipate unrealistically positive future outcomes.

Sales professionals often see these characteristics unfold in the customer's decision-making process. The problem occurs when these difficulties lead the customers to defer difficult decisions. Eventually, the deal languishes, and forward movement stops. Sales professionals can help customers overcome this problem by helping them consider second-best outcomes. This exercise helps clarify what future results will hold.

Additionally, "Placing limited windows for opportunities can overcome the tendency to think that the future holds more resources," explain the researchers. Sales professionals need to underscore the risk associated with not making a decision. Standing still carries a cost. Simply put: connecting the choice to the expected outcome helps customers move through the buying process.

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BALANCING MORE GUIDANCE AND LESS GUIDANCE

Some customers have strong intrinsic preferences, others have mild ones. Understanding which one the sales professional is engaging matters because of “partitioning.”

When a sales professional breaks a decision into numerous attributes, they’re partitioning. Doing so is important when positioning solutions to customers with mild intrinsic preferences. This group likely seeks more guidance. Sales professionals can fulfill this need by creating a decision process around the attributes they believe are best for the customer. That is, any customer decision is essentially a choice on how to allocate a limited resource (e.g., money). However, most people are biased towards allocating resources evenly across the available choices. Therefore, sales professionals, acting as choice architects, can help guide customers by limiting or expanding the choices made available
to them.

Consider the example of a financial sales professional who wants to guide the customer towards a long-term investment solution. They can offer more sub-categories around attributes like cost, dividends, and annualized performance while combining less important attributes like one-month return into just one category.

We live in a noisy world with an ever-increasing array of options. The sales professional’s job is not to impress with a vast list of possibilities. Instead, they must listen to the customer’s needs, then deliver a carefully curated, concise list of options designed to steer them in the right direction. Keep options limited, connecting the choice to the expected outcome, and limit the less preferable choices to just one category.

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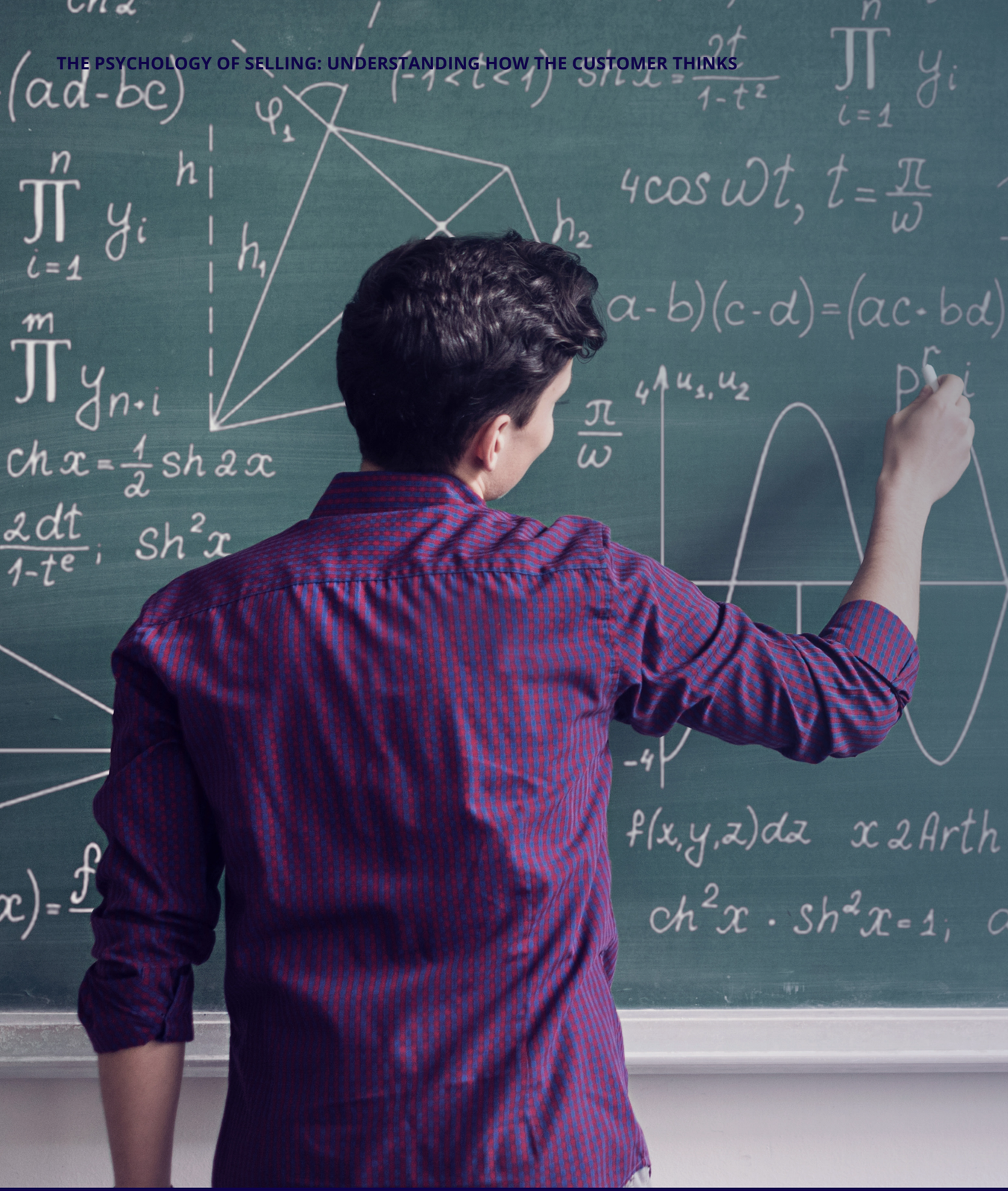

On the surface, customers appear to be governed by logic. In truth, this rational thought is only half of the equation.

Beneath an analytic exterior are cognitive biases and emotions that drive decision making. Sales professionals who are aware of these underpinnings are better suited to address the customer's complete needs. While business challenges and customer profiles vary, they are all united by the leanings and base influences explored within this eBook. Take the time to understand and identify these characteristics of the buyer's psychology and win more sales.

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SALES PERFORMANCE

Richardson is how leading sales organizations around the world are getting better results from their investment in sales training.

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